

Message Text

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67

ACTION EUR-12

INFO OCT-01 ISO-00 OES-03 SS-15 L-03 ACDA-05 CIAE-00

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R 281638Z MAY 75

FM US MISSION EC BRUSSELS

TO SECSTATE WASHDC 8953

INFO ERDA GERMANTOWN

NRC WASHDC

AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: TECH

SUBJECT: LICENSING FOR NUCLEAR MATERIALS

REF: EC BRUSSELS 4722

1. MISSION REPRESENTATIVES MET ON MAY 27 WITH APORY OF EC COMMISSION EXTERNAL RELATIONS AND OBOUSSIER AND JASPERT OF EURATOM SUPPLY AGENCY TO REVIEW CONTENT OF CORRESPONDENCE IN REFTEL. THIS LETTER WAS A FOLLOWUP TO THE RECENT DISCUSSIONS IN WASHINGTON WITH VICE PRSIDENT OF THE EC COMMISSION SIMONET, REGARDING THE STATUS OF NRC ACTION ON EXPORT LICENSES FOR NUCLEAR MATERIALS. THE LETTER IDENTIFIES THE ERDA ENRICHMENT CONTRACTS, QUANTITY OF MATERIAL AND LEVEL OF ENRICHMENT, AND THE TARGET DELIVERY DATE ESTABLISHED BY THE CUSTOMER.

2. THE SUPPLY AGENCY ACKNOWLEDGES THAT ONCE A CONTRACT IS ARRANGED WITH ERDA FOR THE NUCLEAR MATERIAL, ALL REMAINING PROCEDURAL STEPS ARE HANDLED BY THE CUSTOMER. IN TURN, THE CUSTOMER, WHICH IS EITHER A UTILITY OR A LABORATORY, USES A SHIPPING AGENT TO SCHEDULE MOVEMENT OF THE MATERIAL AND OBTAIN ANY EXPORT OR IMPORT LICENSES REQUIRED. AS A RESULT OF THE ABOVE PRACTICE, THE SUPPLY AGENCY HAS LITTLE INFORMATION IN BRUSSELS WHICH RELATES TO ACTIONS

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TAKEN BY THE CUSTOMER'S AGENT, OR THE PARTICULAR DIFFICULTIES ANY

ONE CUSTOMER MIGHT ENCOUNTER IF THERE IS A DELAY IN SHIPMENT OF HIS MATERIAL. THIS EXPLAINS WHY THE SUBSTANTIVE CONTENT OF THE CORRESPONDENCE JUST RECEIVED FROM THE SUPPLY AGENCY IS SIMPLY A COPY OF INPUT INFORMATION PROVIDED BY THE PRINCIPAL AGENTS FOR HANDLING THIS MATERIAL, SUCH AS TRANSNUCLEAIRE.

3. THE DISCUSSIONS WITH AMORY, OBOUSSIER, AND JASPERT REVEALED THAT THE CRITICAL MATERIAL NEEDED AT THIS PARTICULAR TIME IS THE APPROXIMATELY 200 KGS OF 93 PERCENT U-235 (HEU) REQUIRED FOR THE AVR AND THTR IN GERMANY. THIS HEU IS SCHEDULED FOR DELIVERY TO NUKEM WHICH WILL FABRICATE IT INTO THE STANDARD "TENNIS BALL" FUEL FOR THE REACTORS. OBOUSSIER SAID NUKEM INFORMED THE SUPPLY AGENCY, AND REPORTEDLY ALSO GERMAN GOVERNMENT OFFICIALS, THAT AVAILABLE WORKING STOCK FOR MANUFACTURING THIS FUEL WILL REQUIRE RESUPPLY BY MID-JUNE OR IT WILL BE NECESSARY TO CURTAIL MANUFACTURING OPERATIONS AND POSSIBLY DISCHARGE PERSONNEL. THIS POTENTIAL INTERRUPTION TO NUKEM'S OPERATIONS IS REPORTED TO HAVE ALREADY RESULTED IN POLITICAL BARBS AT GERMAN GOVERNMENT OFFICIALS RESPONSIBLE FOR ASSURING A RELIABLE SUPPLY OF NUCLEAR MATERIAL FOR THEIR RESEARCH AND POWER REACTOR PROGRAMS.

4. COMMENT: ERDA/BRUSSELS HAS BEEN IN INFORMAL CONTACT WITH PETER JELINEK OF NUKEM AND RECEIVED A SIMILAR GENERAL IMPRESSION OF THE SITUATION, EXCEPT THERE WAS NO INDICATION OF THE MID-JUNE CRISIS DATE. WE BELIEVE FROM PAST CONTACTS WITH JELINEK THAT HE WOULD CERTAINLY NOT HESITATE TO LET US KNOW IF NUKEM WAS THIS CLOSE TO INTERRUPTING MANUFACTURING OPERATIONS DUE TO A FAILURE ON THE U.S. TO SUPPLY FUEL. JELINEK EXPRESSED CONCERN THAT U.S. GOVERNMENT ACTIONS (NRC AND ERDA) IN SUPPLYING HEU COULD RESULT IN GERMANY AND OTHER CUSTOMERS ESTABLISHING A EUROPEAN CAPACITY TO SUPPLY ITS OWN HEU. END COMMENT.

5. IN ADDITION TO THE SPECIFIC DISCUSSIONS ABOUT THE REFERENCED CORRESPONDENCE, AMORY AND OBOUSSIER EXPRESSED CONCERN THAT THE NRC ACTIONS REGARDING DELAYS IN EXPORT LICENSES AND EVEN EARLIER ACTIONS BY AEC AND ERDA IN CONTRACTING FOR HEU SINCE OCTOBER 1974 HAS RESULTED IN INCREASING RESERVATIONS BY EC CUSTOMERS WHETHER TO CONTINUE TO LOOK TO THE U.S. AS A RELIABLE SOURCE OF NUCLEAR MATERIAL SERVICES. THIS QUESTION OF OUR RELIABILITY IS CAUSING ADDED SUPPORT FOR FRENCH INITIATIVES TO FIRMLY COMMIT FOR LIMITED OFFICIAL USE

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6. FROM THE VANTAGE POINT OF THIS MISSION, WE ARE UNABLE TO READ THE TEA LEAVES IN WASHINGTON ENOUGH TO KNOW WHETHER THE REPORTED PROCEDURAL REVIEW OF THE LICENSE APPLICATIONS BY NRC WILL INVOLVE ONLY A FEW MORE WEEKS DELAY OR WHETHER LONGER OR INDEFINITE PERIODS WILL BE INVOLVED. THE SUPPLY AGENCY HAS THE IMPRESSION (PROBABLY FROM THE EC MISSION IN WASHINGTON) THAT CONTINUING JURISDICTIONAL

DISPUS PREVAIL BETWEEN NRC, ERDA, AND THE DEPARTMENT, PARTICULARLY REGARDING SECURITY MEASURES FOR HANDLING HEU BY FOREIGN CUSTOMERS AND THAT NO TIMELY RESOLUTION OF THE PROBLEM IS IN SIGHT. THE SUPPLY AGENCY EMPHASIZED THAT PRIOR TO OCTOBER 1974, IT COULD COUNT ON FOUR TO SIX WEEKS TIME REQUIRED FOR ORDERING MATERIAL, OBTAINING A CONTRACT, AND SCHEDULING THE FIRST DELIVERY. WHAT THEY ARE NOW PLEADING FOR IS A RETURN TO SOME CLEARLY IDENTIFIED TIME SCHEDULES FOR THE STEPS REQUIRED TO CONTRACT AND OBTAIN APPROVAL FOR DELIVERY OF NUCLEAR MATERIALS. EVEN WHILE A NEW PROCEDURE AND THIS TIME SCHEDULE IS BEING DEVELOPPED, THE SUPPLY AGENCY CONSIDERS IT IMPERATIVE THAT ACTION ON CONTRACTS AND LICENSES ALREADY IN PROCESS RECEIVE EXPEDITED ATTENTION.

7. THE MISSION AGREED TO COMMUNICATE THE ABOVE RAMBLING STORY TO OUR WASHINGTON OFFICIALS AND PROMISED TO INFORM AMORY AND OBOUSSIER OF ANY NEWS RECEIVED ABOUT THE STATUS OF APPROVING PENING LICENSES FOR SHIPMENT OF HEU AND OTHER NUCLEAR MATERIALS TO EC CUSTOMERS.
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